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Xinming China Holdings Limited

新明中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2699)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD
AT THE CLOSE OF BUSINESS ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

Placing Agent

ADVENT

宏智證券(香港)有限公司

Advent Securities (Hong Kong) Limited

PROPOSED 2026 RIGHTS ISSUE

The Company proposes to conduct the 2026 Rights Issue at the Subscription Price of HK\$0.188 per Rights Share on the basis of six (6) Rights Shares for every one (1) Share held on the Record Date to raise up to approximately HK\$106.0 million (before expenses) by issuing up to 563,586,600 Rights Shares (assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date).

Subject to fulfilment of the conditions of the 2026 Rights Issue, the 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The 2026 Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. In the event of an undersubscription of the 2026 Rights Issue, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed on a best efforts basis by the Placing Agent to independent placees under the Placing. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which remain not placed under the Placing will not be issued by the Company and the size of the 2026 Rights Issue will be reduced accordingly. There will be no excess application arrangement in relation to the 2026 Rights Issue.

The estimated maximum net proceeds from the 2026 Rights Issue, if fully subscribed and after deducting the estimated expenses in relation to the 2026 Rights Issue, is expected to be up to approximately HK\$101.4 million. Details of the use of proceeds are set out in the section headed “Reasons for and Benefits of the 2026 Rights Issue and Use of Proceeds” in this announcement.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Placing Shares by offering these Shares to independent placees for the benefit of the Shareholders to whom they are offered by way of the 2026 Rights Issue. Accordingly, on Monday, 16 February 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed, as an agent of the Company, to procure independent placees, on a best efforts basis, to subscribe for the Placing Shares during the Placing Period.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the 2026 Rights Issue will increase the total number of issued Shares of the Company by more than 50% within the 12 month period immediately preceding the date of this announcement, the 2026 Rights Issue is conditional upon the Shareholders’ approval at the EGM, and any controlling shareholder(s) of the Company and their associates, or where there are no controlling shareholder(s), the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates, shall abstain from voting in favour of the resolution(s) in relation to the 2026 Rights Issue at the EGM.

As at the date of this announcement, the Company does not have any controlling shareholders. Mr. Chen, an executive Director, chairman and the chief executive officer of the Company, is interested in the 243,300 Shares beneficially owned by Xinxing Company Limited, a company wholly owned by Mr. Chen, representing approximately 0.26% of the total issued Shares. Therefore, Mr. Chen and his associates shall abstain from voting in favour of the resolution(s) approving the 2026 Rights Issue and the transactions contemplated thereunder at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. As at the date of this announcement, save for Mr. Chen, none of the Directors or chief executive of the Company had any interest in the Shares.

The 2026 Rights Issue, together with the 2025 Rights Issue, does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the 2026 Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Chan Wai Yan, Ms. Huang Chunlian and Ms. Lee Yin Man, to advise the Independent Shareholders in respect of the 2026 Rights Issue and as to the voting action therefor.

The Circular containing, among other things, (i) further information regarding the 2026 Rights Issue and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2026 Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue; (iv) other information required under the Listing Rules; and (v) the notice of the EGM is expected to be despatched to the Shareholders on or before Monday, 30 March 2026.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will dispatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Non-Qualifying Shareholder for their information only.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND/OR THE NIL-PAID RIGHTS SHARES

The 2026 Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the 2026 Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should note that each of the 2026 Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the 2026 Rights Issue and/or the Placing are not fulfilled, the 2026 Rights Issue and/or the Placing will not proceed.

The 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date when all the conditions of the 2026 Rights Issue are fulfilled or the Placing Long Stop Date, which is expected to be Wednesday, 10 June 2026, will accordingly bear the risk that the 2026 Rights Issue and/or the Placing may not proceed.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

PROPOSED 2026 RIGHTS ISSUE

The Company proposes to conduct the 2026 Rights Issue on the basis of six (6) Rights Shares for every one (1) Share held on the Record Date. Details of the 2026 Rights Issue are set out below:

Details of the 2026 Rights Issue

Basis of the 2026 Rights Issue	: Six (6) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	: HK\$0.188 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated expenses in relation to the 2026 Rights Issue)	: Approximately HK\$0.180 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as at the date of this announcement	: 93,931,100 Shares
Number of Rights Shares (Shares to be issued pursuant to the 2026 Rights Issue)	: Up to 563,586,600 Shares with an aggregate nominal value of HK\$5,635,866.00
Total number of Shares in issue upon completion of the 2026 Rights Issue	: Up to 657,517,700 Shares
Gross proceeds from the 2026 Rights Issue	: Up to approximately HK\$106.0 million (before expenses)

As at the date of this announcement, the Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares.

Assuming no change in the number of Shares in issue on or before the Record Date, the aggregate 563,586,600 Rights Shares to be issued pursuant to the terms of the 2026 Rights Issue represent 600% of the total number of issued Shares and approximately 85.71% of the total number of issued Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

Subscription Price

The Subscription Price of HK\$0.188 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the 2026 Rights Issue, or where a transferee of the nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 20.0% to the closing price of HK\$0.235 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 20.0% to the average closing price of HK\$0.235 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 19.7% to the average closing price of HK\$0.234 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 17.14%, represented by the theoretical diluted price of approximately HK\$0.19 per Share to the theoretical benchmarked price of HK\$0.235 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of this announcement; and
- (v) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the 2025 Rights Issue, which was completed on 29 July 2025, of approximately 19.56%, computed by the cumulative theoretical diluted price of approximately HK\$1.14 per Share to the theoretical benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$1.42 per Share in respect of the 2025 Rights Issue as announced on 6 December 2024.

The Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed 2026 Rights Issue as discussed in the section headed “Reasons for and Benefits of the 2026 Rights Issue and Use of Proceeds”, and the amount of funds the Company intends to raise under the 2026 Rights Issue.

Under the 2026 Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Company considers that the discount of the Subscription Price to the current market price will encourage them to participate in the 2026 Rights Issue, minimising dilution impact.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the independent financial adviser) consider that the terms of the 2026 Rights Issue, including the Subscription Price, are fair, reasonable and in the best interests of the Company and the Shareholders as a whole.

Non-underwritten basis

Subject to the fulfilment of the conditions of the 2026 Rights Issue, the 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the 2026 Rights Issue, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed on a best efforts basis by the Placing Agent to independent placees under the Placing. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which remain not placed under the Placing will not be issued by the Company and the size of the 2026 Rights Issue will be reduced accordingly.

There is no minimum amount to be raised under the 2026 Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the 2026 Rights Issue.

As the 2026 Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the 2026 Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the 2026 Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules and does not result in any non-compliance with the public float requirements under Rule 8.08(1) of the Listing Rules.

Conditions of the 2026 Rights Issue

The 2026 Rights Issue is conditional upon the following conditions being fulfilled:

- (i) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the EGM for the transactions contemplated under the 2026 Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the 2026 Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;

- (ii) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- (iii) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of the Prospectus on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (v) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and dispatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked); and
- (vi) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the 2026 Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent is capable of being waived. If any of the above conditions are not satisfied at or before 4:00 p.m. on Wednesday, 10 June 2026 (or such later date as the Company may determine), the 2026 Rights Issue will not proceed and no party will have any claim against any other party for costs, damages, compensations or otherwise. As at the date of this announcement, none of the conditions have been fulfilled.

As the proposed 2026 Rights Issue is subject to the fulfilment of the above conditions, it may or may not proceed.

Undertakings

As at the date of this announcement, the Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention to take up any Shares provisionally (or to be provisionally) allotted or offered to that Shareholder under the 2026 Rights Issue.

Status of the Rights Shares

The Rights Shares (when allotted, fully-paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The 2026 Rights Issue is only available to the Qualifying Shareholders. To qualify for the 2026 Rights Issue, Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the closing of business on the Record Date, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Thursday, 23 April 2026.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 21 April 2026, and the Shares will be dealt with on an ex-rights basis from Wednesday, 22 April 2026.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will dispatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Non-Qualifying Shareholder for their information only.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

In the event that Overseas Shareholder(s) is/are identified on the Record Date, the Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the 2026 Rights Issue to such Overseas Shareholder(s), if any under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on the legal advice to be provided by the legal advisor of the Company, the Board considers that it would be necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such relevant jurisdiction, the 2026 Rights Issue will not be extended to such Overseas Shareholder(s). In such circumstances, the 2026 Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the 2026 Rights Issue will be set out in the Prospectus to be issued.

The Company reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

The 2026 Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, and subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will dispatch the Prospectus only to the Non-Qualifying Shareholders on the Prospectus Posting Date for their information, but will not send any PAL to them.

Overseas Shareholders should note that they may or may not be entitled to the 2026 Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

Closure of register of members

The register of members of the Company will be closed from Friday, 24 April 2026 to Thursday, 30 April 2026 (both dates inclusive) for determining the identity of Shareholders' entitlements to the 2026 Rights Issue. No transfer of Shares will be registered during the above book closure period.

Basis of provisional allotments

The basis of the provisional allotment shall be six (6) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at close of business on the Record Date. There will be no excess application arrangements in relation to the 2026 Rights Issue.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Shares as a result of the 2026 Rights Issue, the Company will appoint a securities firm to provide matching services, on a best efforts basis, to those Shareholders who wish to top up or sell their holdings of odd lots of the Shares. Further details in respect of the arrangement of odd lot trading will be set out in the Prospectus.

Shareholders should note that the matching of the sale and purchase of odd lots of Shares is not guaranteed. Shareholders who are in any doubt about the odd lot matching arrangement are recommended to consult their own professional advisers.

To alleviate the difficulties in trading odd lots of the Shares arising from the 2026 Rights Issue, the Company will appoint an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Monday, 22 June 2026 to 4:00 p.m. on Monday, 13 July 2026 (both dates inclusive). Holders of the Shares in odd who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker during such period. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering such Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the 2026 Rights Issue. There will be no excess application arrangements in relation to the 2026 Rights Issue. On Monday, 16 February 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement in relation to the placing of the Placing Shares (being the Unsubscribed Rights Shares and the NQS Unsold Rights Shares) to independent placees on a best efforts basis.

Pursuant to the Placing Agreement, the Company appointed the Placing Agent to place the Placing Shares during the Placing Period to independent placees on a best efforts basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain which not placed after completion of the Placing will not be issued by the Company and the size of the 2026 Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on a pro rata basis (but rounded down to the nearest cent):

- (i) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Placing Agreement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares

On Monday, 16 February 2026 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure independent placee(s), on a best efforts basis, to subscribe for the Placing Shares (being the Unsubscribed Rights Shares and the NQS Unsold Rights Shares). Details of the Placing Agreement are summarised below:

Date : Monday, 16 February 2026 (after trading hours)

Issuer : The Company

Placing Agent : Advent Securities (Hong Kong) Limited, a licenced corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO, was appointed as the Placing Agent to procure, on a best efforts basis, independent placees to subscribe for the Placing Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; and (ii) are Independent Third Parties.

Placing Period : The period commencing from Wednesday, 27 May 2026 to Wednesday, 10 June 2026, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements

Commission and expenses : The Placing Agent shall be entitled to a commission fee equal to 2% of the amount which is equal to the placing price multiplied by the Placing Shares that have been successfully placed by the Placing Agent.

Placing price : The placing price of each Placing Share shall be not less than the Subscription Price. The final price determination will be dependent on the demand and market conditions of the Placing Shares during the process of Placing.

Placees : The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

Ranking of the Placing Shares : The Placing Shares (when placed, allotted, issued and fully paid), shall rank *pari passu* in all respects among themselves and with the Shares in issue at the date of completion of the Placing.

- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled or being waived by the Placing Agent in writing, if applicable):
- (i) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;
 - (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
 - (iii) the obligations of the Placing Agent under the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfilment of all or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i) above) by notice in writing to the Company.

- Termination : The Placing Agreement can only be terminated by mutual written agreement between the Placing Agent and the Company, except that the engagement of the Placing Agent may also be terminated by the Placing Agent (i) in case of force majeure resulting in the Company and the Placing Agent being unable to fulfil its duties and responsibilities under the engagement, or (ii), if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement.

Placing Completion : Completion is expected to take place within eleven (11) Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement, or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by the Placing Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Placing Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The engagement between the Company and the Placing Agent in respect of the Placing Shares (including the commission and expenses payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the 2026 Rights Issue, and the current and expected market conditions. The Board considers that the terms of Placing Agreement in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms and are in the best interest of the Company and the Shareholders as a whole.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Company will ensure that it will continue to comply at all times with the public float requirements under Rule 8.08 of the Listing Rules after the 2026 Rights Issue and the Placing. After the Placing Period, it is expected that none of the placees will become a substantial Shareholder. If any of the placees will become a substantial Shareholder after completion of the Placing and Rights Issue, further announcement(s) will be made by the Company.

The Board considered that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the best interests of the Company's minority Shareholders since:

- (i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agents and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by the Placing Agent which is licensed and subject to the stringent code of conduct over, among others, pricing and allocation of the Placing Shares. The terms and the conditions of the Placing Agreement (including the placing commission) are normal commercial terms and are in the best interest of the Company and the Shareholders as a whole; and
- (iii) the Compensatory Arrangements would provide (a) a distribution channel of the Placing Shares to the Company; (b) an additional channel of participation in the 2026 Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders; and (c) a compensatory mechanism for the No Action Shareholders and the Non-Qualifying Shareholders. Besides, the 2026 Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company. As such, the Board considered that the absence of excess application arrangement is acceptable.

No Fractional Entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold by the Company in the open market if a premium (net of expense) can be obtained. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the 2026 Rights Issue will be reduced accordingly.

Share certificates and refund cheques for the 2026 Rights Issue

Subject to fulfilment of the conditions of the 2026 Rights Issue, share certificates for the fully paid Rights Shares are expected to be posted on or before Thursday, 18 June 2026 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the 2026 Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Thursday, 18 June 2026 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the 2026 Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The nil-paid and fully-paid Rights Shares will be traded in board lots of 2,000 Shares.

RIGHTS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

REASONS FOR AND BENEFITS OF THE 2026 RIGHTS ISSUE AND THE USE OF PROCEEDS

Current financial position of the Group

The Group is principally engaged in the property development, property investment and property leasing in the PRC.

As disclosed in the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”), cash and cash equivalents amounted to approximately RMB1.4 million, whereas interest-bearing bank and other borrowings amounted to approximately RMB1,212.6 million, convertible bonds outstanding amounted to approximately RMB274.1 million and other payables and accruals of approximately RMB2,649.5 million as at 30 June 2025.

Further, for the six months ended 30 June 2025, the revenue of the Group amounted to approximately RMB33.1 million, representing a decrease of approximately 57.9% as compared to the same period of the previous year, and the gross profit of the Group amounted to approximately RMB4.8 million, representing a decrease of approximately 69.5% as compared to the same period of the previous year.

As disclosed in (i) 2025 Interim Report; (ii) the announcement of the Company dated 10 October 2025 (the “**2025 Update Announcement**”); and (iii) the announcement of the Company dated 16 January 2026 (the “**2026 Update Announcement**”), the management of the Company has been undertaking a number of measures to mitigate the liquidity pressure and to improve the financial position of the Group, including but not limited to continuously negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests. The Company has partially repaid approximately HK\$72 million of the debt and interests of the Group utilising the net proceeds raised under the 2025 Rights Issue, and has negotiated a waiver of approximately HK\$14 million of interests. Further, the Company understands that the Group’s existing lenders do not have the intention to demand immediate repayment at the moment, and the holder of the Convertible Bonds has agreed not to demand repayment until 1 January 2027.

Although the Company completed the 2025 Rights Issue on 29 July 2025, as disclosed the 2026 Update Announcement, the net proceeds raised under the 2025 Rights Issue has been entirely utilised as follows:

- (i) approximately HK\$72.0 million was utilised for the settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings, and other payables and accruals of the Group (as set out above); and
- (ii) approximately HK\$6.3 million was utilised as general working capital of the Group (including but not limited to the Group's daily operational expenses for the six months following the completion of the 2025 Rights Issue).

The Company is also proactively progressing with (i) the acceleration of the pre-sale and sale of properties under development and completed properties, (ii) the procurement and formulation of the terms with as with large property developer to sell individual property development project or whole commercial property at an appropriate price and the identification and negotiations with new investors to participate in renovation works in order to increase the underlying value and to accelerate the sale of commercial properties more rapidly and effectively, and (iii) the acceleration of de-stocking of its properties, as disclosed in the 2025 Interim Report, 2025 Update Announcement and 2026 Update Announcement.

That being said, the above measures will take time to negotiate and implement, and the Group still faces an imminent need for financial resources to settle the overdue liabilities and replenish its working capital. While proactively progressing with the above measures, the Board considers that the 2026 Rights Issue will assist in reducing the immediate financial burden of the Group significantly and have a positive impact on the financial position of the Group.

Consideration of other fund-raising alternatives and benefits of the 2026 Rights Issue

The Directors had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares. The Directors are of the view that debt financing will result in additional interest burden and the interest rate is expected to be further increased in prevailing borrowing market. Besides, the debt financing will further increase the gearing ratio of the Group which is not beneficial to the Group.

The Directors consider that financing the funding needs of the Group in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate the subscription of new Shares. Instead of the placing or subscription of new Shares, the 2026 Rights Issue enables the Group to improve its financial position without increasing its debt or finance costs.

Since the 2026 Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company and allow the Group fulfil its aforementioned needs for financial resources to partially settle the overdue liabilities and replenish its working capital, the Directors consider that raising capital through the 2026 Rights Issue is in the best interest of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

Intended use of proceeds from the 2026 Rights Issue

Assuming full subscription under the 2026 Rights Issue, the maximum gross and net proceeds (after deducting related expenses) from the 2026 Rights Issue are estimated to be approximately up to HK\$106.0 million and HK\$101.4 million, respectively. The Company intends to apply the net proceeds from the 2026 Rights Issue in the following manner:

- (i) approximately 96.0% (being approximately HK\$97.4 million) for the settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings, and other payables and accruals of the Group;
- (ii) approximately 1.80% (being approximately HK\$1.8 million) for the acquisition of property development projects located in the PRC which possess strong growth and value potential with a view to diversifying the Group's property portfolio and strengthening the overall revenue and profitability of the Group in the future; and
- (iii) approximately 2.20% (being approximately HK\$2.2 million) as general working capital of the Group, including but not limited to its daily operational expenses of the Group for the forthcoming twelve months upon completion of the 2026 Rights Issue.

In the event that there is an under subscription of the 2026 Rights Issue, the net proceeds will be utilised on a pro rata basis as set out above.

In view of the above, the Board considers that it is fair and reasonable and in the best interests of the Company and the Shareholders as a whole to proceed with the 2026 Rights Issue to provide existing Shareholders the opportunity to participate in the enlarged capital base of the Company.

EFFECTS ON SHAREHOLDING STRUCTURE

To the best knowledge of the Directors, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Completion (assuming full acceptance by all Qualifying Shareholders under the 2026 Rights Issue); and (iii) immediately after the Completion (assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing):

Shareholders	As at the date of this announcement		Immediately upon the completion of the 2026 Rights Issue (assuming full acceptance by the Qualifying Shareholders under the 2026 Rights Issue)		Immediately upon the completion of the 2026 Rights Issue (assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing)	
	Number of Shares	Approx %	Number of Shares	Approx %	Number of Shares	Approx %
Xinxing Company Limited (Note 1)	243,300	0.26	1,703,100	0.26	243,300	0.04
Placees	–	–	–	–	563,586,600	85.71
Other public Shareholders	93,687,800	99.74	642,664,246	97.74	93,687,800	14.25
Total	93,931,100	100.00	657,517,700	100.00	657,517,700	100.00

Notes:

- Xinxing Company Limited is a company wholly owned by Mr. Chen. Accordingly, Mr. Chen is deemed to be interested in the same number of Shares in which Xinxing Company Limited is interested by virtue of the SFO.

2. If any of the placees subscribes for 10% or more of the Shares under the Placing, he/she/it will become a substantial Shareholder after completion of the Placing. The Company will at all time and continue to comply with the public float requirements under Rule 8.08 of the Listing Rules before and after completion of the 2026 Rights Issue.
3. Shareholders and public investors should note that the above shareholding scenarios are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the 2026 Rights Issue are subject to various factors, including the results of acceptance of the 2026 Rights Issue.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the 2026 Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past twelve months immediately proceeding the date of this announcement, other than the 2025 Rights Issue the details of which are set out below:

Date of initial announcement	Fundraising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds
6 December 2024 (completed on 29 July 2025)	Rights issue on the basis of four (4) rights Shares for every one (1) Share at HK\$1.12 per rights Share	Approximately HK\$78.3 million	(i) approximately 92% (being approximately HK\$72.6 million) for settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings and other payables and accruals of the Group; and (ii) approximately 8% (being approximately HK\$6.3 million) as general working capital of the Group	Fully utilised as intended (details as set out in the 2026 Update Announcement)

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

It is emphasised that none of the Company, the Directors or any other parties involved in the 2026 Rights Issue accepts responsibility for any tax effects or liabilities of, any person resulting from subscribing for, purchasing, holding, exercising, disposing of or dealings in any rights in relation to the Rights Shares in both their nil-paid and fully-paid form.

EXPECTED TIMETABLE FOR THE 2026 RIGHTS ISSUE

The expected timetable for the 2026 Rights Issue is set out below which is indicative only and has been prepared on the assumption that all the conditions of the 2026 Rights Issue will be fulfilled. The expected timetable is subject to change and further announcement(s) will be made by the Company should there be any changes to the expected timetable.

Event	Date
Despatch date of the Circular together with notice of EGM and proxy form for EGM	Monday, 30 March 2026
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM.	4:30 p.m. on Monday, 13 April 2026
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive).	Tuesday, 14 April 2026 to Monday, 20 April 2026
Latest time for lodging proxy forms for the EGM.	11:00 a.m. on Saturday, 18 April 2026

Event	Date
Record date for attendance and voting at the EGM	Monday, 20 April 2026
Date and time of the EGM to approve the proposed 2026 Rights Issue.	11:00 a.m. on Monday, 20 April 2026
Announcement of the poll results of the EGM	Monday, 20 April 2026
Register of members of the Company re-opens	Tuesday, 21 April 2026
The following events are conditional upon the results of the EGM and the fulfilment of the other conditions relating to the 2026 Rights Issue, and therefore the dates are tentative only:	

Event	Date
Last day of dealings in the Shares on a cum-rights basis relating to the 2026 Rights Issue	Tuesday, 21 April 2026
First day of dealings in the Shares on an ex-rights basis relating to the 2026 Rights Issue	Wednesday, 22 April 2026
Latest time for the Shareholders to lodge transfer documents of Shares in order to be qualified for the 2026 Rights Issue	4:30 p.m. on Thursday, 23 April 2026
Closure of register of members to determine the entitlements to the 2026 Rights Issue (both dates inclusive)	Friday, 24 April 2026 to Thursday, 30 April 2026
Record Date for the 2026 Rights Issue	Thursday, 30 April 2026

Event	Date
Despatch date of the Prospectus Documents to Qualifying Shareholders, and in the case of the Non-Qualifying Shareholders, the Prospectus only	Monday, 4 May 2026
Register of members of the Company re-opens	Monday, 4 May 2026
First day of dealings in nil-paid Rights Shares	Wednesday, 6 May 2026
Latest time for splitting the PAL	4:30 p.m. on Friday, 8 May 2026
Last day of dealings in nil-paid Rights Shares	Wednesday, 13 May 2026
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 18 May 2026
Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Tuesday, 26 May 2026
Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and NQS Unsold Rights Shares available)	Wednesday, 27 May 2026
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 10 June 2026
Latest time for the 2026 Rights Issue to become unconditional and the Placing Long Stop Date	4:00 p.m. on Wednesday, 10 June 2026
Announcement of results of the 2026 Rights Issue (including the results of the Placing and the Net Gain)	Wednesday, 17 June 2026

Event	Date
2026 Rights Issue settlement and Placing completion date	Thursday, 18 June 2026
Despatch of share certificates for fully-paid Rights Shares and/or refund cheques if terminated	Thursday, 18 June 2026
Commencement of dealings in fully-paid Rights Shares	Monday, 22 June 2026
Designated broker commences to provide matching service for odd lots of Shares	Monday, 22 June 2026
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any).	Friday, 26 June 2026
Designated broker ceases to provide matching service for odd lots of Shares	Monday, 13 July 2026

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the 2026 Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in separate announcement(s) by the Company as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place as scheduled if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons issued by the Hong Kong Observatory:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance falls. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warning in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the section headed “Expected Timetable for the 2026 Rights Issue” in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the excepted timetable as soon as practicable.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the 2026 Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 month period immediately preceding the date of this announcement, the 2026 Rights Issue is conditional upon the Shareholders’ approval at the EGM, and any controlling shareholder(s) of the Company and their associates, or where there are no controlling shareholder(s), the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates, shall abstain from voting in favour of the resolution(s) in relation to the 2026 Rights Issue at the EGM.

As at the date of this announcement, the Company does not have any controlling shareholders. Mr. Chen, an executive Director, chairman and the chief executive officer of the Company, is interested in the 243,300 Shares beneficially owned by Xinxing Company Limited, a company wholly owned by Mr. Chen, representing approximately 0.26% of the total issued Shares. Therefore, Mr. Chen and his associates shall abstain from voting in favour of the resolution(s) approving the 2026 Rights Issue and the transactions contemplated thereunder at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. As at the date of this announcement, save for Mr. Chen, none of the Directors or chief executive of the Company had any interest in the Shares.

The 2026 Rights Issue, together with the 2025 Rights Issue, does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the 2026 Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Chan Wai Yan, Ms. Huang Chunlian and Ms. Lee Yin Man, to advise the Independent Shareholders in respect of the 2026 Rights Issue and as to the voting action therefor.

EGM

The register of members of the Company will be closed from Tuesday, 14 April 2026 to Monday, 20 April 2026 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The EGM will be convened and held to consider and, if thought fit, approve, the 2026 Rights Issue and the transactions contemplated thereunder. Shareholders who are involved in or interested in the 2026 Rights Issue (including Mr. Chen and his associates as disclosed above) will be required to abstain from voting in respect of the resolution(s) to approve the 2026 Rights Issue at the EGM.

GENERAL

The Circular containing, among other things, (i) further information regarding the 2026 Rights Issue and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2026 Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Rights Issue; (iv) other information required under the Listing Rules; and (v) the notice of the EGM is expected to be despatched to the Shareholders on or before Monday, 30 March 2026.

The Prospectus containing further information in relation to the 2026 Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Monday, 4 May 2026. A copy of the Prospectus will also be made available on the websites of the Company (www.xinm.net.cn) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND/OR THE NIL-PAID RIGHTS SHARES

The 2026 Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the 2026 Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should note that each of the 2026 Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the 2026 Rights Issue and/or the Placing are not fulfilled, the 2026 Rights Issue and/or the Placing will not proceed.

The 2026 Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date when all the conditions of the 2026 Rights Issue are fulfilled or the Placing Long Stop Date, which is expected to be Wednesday, 10 June 2026, will accordingly bear the risk that the 2026 Rights Issue and/or the Placing may not proceed.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“2025 Rights Issue”	the rights issue of the Company on the basis of four (4) rights Shares for every one (1) Share in issue at HK\$1.12 per rights Share, which was completed on 29 July 2025, the details of which are set out in the prospectus of the Company dated 28 November 2024 and the results announcement of the Company dated 29 July 2025
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“2026 Rights Issue”	the proposed issue by way of rights of six (6) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the Prospectus Documents
“associate(s)”	has the same meaning ascribed to thereto under the Listing Rules
“Board”	the Board of Directors
“Business Day(s)”	a day(s) (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be despatched to the Shareholders by the Company, relating to, among other things, the 2026 Rights Issue
“Company”	Xinming China Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Compensatory Arrangements”	placing of the Placing Shares by the Placing Agent
“connected person(s)”	has the same meaning ascribed to thereto under the Listing Rules

“controlling shareholder(s)”	has the same meaning ascribed to thereto under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the 2026 Rights Issue and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders in respect of the 2026 Rights Issue and as to the voting action therefor
“Independent Shareholder(s)”	Shareholder(s) excluding (i) any controlling shareholder and their associates; (ii) where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates; (iii) those who are involved in or interested in the 2026 Rights Issue and the Placing Agreement (as the case may be); and (iv) those that are required under the Listing Rules to abstain from voting at the EGM

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Last Trading Day”	Friday, 13 February 2026, being the last full trading day of the Existing Shares on the Stock Exchange prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. Monday, 18 May 2026, or such other time and date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Chengshou, an executive Director, chairman and chief executive officer of the Company
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees) after deducting the aggregate amount of the Subscription Price for the Placing Shares placed by the Placing Agent under the Placing Agreement
“No Action Shareholder(s)”	Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the 2026 Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any nil-paid rights at the time such nil-paid rights lapse, or Non-Qualifying Shareholders (as the case may be)

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) which is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the 2026 Rights Issue proposed to be issued to the Qualifying Shareholders
“Placing”	the placing of the Placing Shares on a best-effort basis by the Placing Agent and/or its sub-placing agent(s) to independent placees on the terms and conditions of the Placing Agreement
“Placing Agent”	Advent Securities (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated Monday, 16 February 2026 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares
“Placing Long Stop Date”	4:00 p.m. on Wednesday, 10 June 2026 or such later date as the Company and the Placing Agent may agree in writing

“Placing Period”	the period commencing from Wednesday, 27 May 2026 to Wednesday, 10 June 2026, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“Placing Share(s)”	the Unsubscribed Rights Share(s) and the NQS Unsold Rights Share(s)
“PRC”	the People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the 2026 Rights Issue
“Prospectus Documents”	the Prospectus and the PAL to be issued by the Company
“Prospectus Posting Date”	Monday, 4 May 2026, or such other date as the Company may determine, for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 30 April 2026, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the 2026 Rights Issue will be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Share(s)”	up to 563,586,600 Shares to be allotted and issued pursuant to the 2026 Rights Issue (assuming no change in the number of Shares in issue on or before Record Date)

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.188 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

By order of the Board
Xinming China Holdings Limited
Kam Chun Ying, Francis
Company Secretary

Hong Kong, 16 February 2026

As at the date of this announcement, the executive Directors are Mr. Chen Chengshou, Mr. Hu Chaozhou, and Mr. Shi Jianwen; the non-executive Director is Mr. Cao Zhiqiang; and the independent non-executive Directors are Ms. Chan Wai Yan, Ms. Huang Chunlian and Ms. Lee Yin Man.